

# SENATE BILL REPORT

## SB 5399

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As Reported by Senate Committee On:  
Government Operations & Elections, February 19, 2009

**Title:** An act relating to payment of undisputed claims.

**Brief Description:** Regarding payment of undisputed claims.

**Sponsors:** Senators Rockefeller and Shin; by request of Capital Projects Advisory Review Board.

**Brief History:**

**Committee Activity:** Government Operations & Elections: 2/10/09, 2/19/09 [DPS, w/oRec].

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### SENATE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

**Majority Report:** That Substitute Senate Bill No. 5399 be substituted therefor, and the substitute bill do pass.

Signed by Senators Fairley, Chair; Oemig, Vice Chair; Roach, Ranking Minority Member; McDermott and Pridemore.

**Minority Report:** That it be referred without recommendation.

Signed by Senator Benton.

**Staff:** Aaron Gutierrez (786-7448)

**Background:** Completion of a public works project may require work outside the scope of the original contract; for example, to bring the project in line with newly established or amended environmental regulations. A change order calls for modifications to a contract for things such as additional work or an extended completion time. The public entity must approve of the request for the contractor to receive payment.

**Summary of Bill (Recommended Substitute):** For additional work beyond the scope of the contract, the state or municipality must issue a change order within 60 days. If a change order is not issued within 60 days, the state or municipality must pay interest at a rate of 1 percent per month. This only applies if the state or municipality and the general contractor have agreed in writing on the price of the work. No interest may accrue on a change order that is timely issued.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & ELECTIONS COMMITTEE (Recommended Substitute):** Change orders must be issued within 60 days, rather than 30. This only applies when both sides have agreed in writing on the price of the work. No interest may accrue on a work order that is timely issued.

**Appropriation:** None.

**Fiscal Note:** Available.

**Committee/Commission/Task Force Created:** No.

**Effective Date:** Ninety days after adjournment of session in which bill is passed.

**Staff Summary of Public Testimony on Original Bill:** PRO: The bill provides payment as soon as possible for undisputed work. The bill represents the consensus of the Capital Projects Advisory Review Board. The bill concerns only undisputed work, so there should be no fiscal note.

OTHER: We have no problem with the overall bill, but are concerned with the fiscal impact.

**Persons Testifying:** PRO: Bob Maruska, CPARB; Larry Stevens, Mechanical Contractors Association, National Electrical Contractors Association; Van Collins, Associate General Contractors.

OTHER: Joe Barnett, King County Government.